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# HOUSE BILL No. 1861

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-3.5-9; IC 6-8.1-1-1; IC 20-8.1-3-17; IC 20-10.1; IC 20-10.2; IC 20-10.3; IC 20-12-70; IC 21-3-1.7-3.1.

**Synopsis:** Academic achievement. Makes various provisions to improve academic achievement and set forth education responsibilities for students in prekindergarten through grade 12. Permits a school corporation to impose a local option income tax for education of up to 1% on the adjusted gross income of resident taxpayers. Provides that students whose family income level is up to 300% of the eligibility level for free or reduced price lunch program may be eligible to receive partial scholarships under the twenty-first century scholars program.

**Effective:** July 1, 2003.

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## Porter

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January 23, 2003, read first time and referred to Committee on Ways and Means.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1861

A BILL FOR AN ACT to amend the Indiana Code concerning education and to make an appropriation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-3.5-9 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2003]:

4 **Chapter 9. School Option Income Tax**

5 **Sec. 1. The following definitions apply throughout this chapter:**

6 (1) "Adjusted gross income" has the meaning set forth in  
7 IC 6-3-1-3.5.

8 (2) "Department" refers to the department of state revenue.

9 (3) "Public question" has the meaning set forth in IC 3-5-2-41.

10 (4) "Resident taxpayer", as it relates to a particular school  
11 corporation, means an individual who resides in that school  
12 corporation. An individual resides in the school corporation  
13 in which the individual:

14 (A) maintains a home, if the individual maintains only one

15 (1) home in Indiana;

16 (B) is registered to vote;

17 (C) registers the individual's personal automobile; or



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1 (D) spends the majority of the individual's time in Indiana  
2 during the taxable year in question.

3 (5) "School corporation" has the meaning set forth in  
4 IC 36-1-2-17.

5 (6) "School district" has the meaning set forth in IC 3-5-2-47.

6 (7) "School year" means a twelve (12) month period  
7 beginning July 1 of a year.

8 Sec. 2. (a) Using the procedures described in this chapter, a  
9 governing body of a school corporation may adopt an ordinance to:

- 10 (1) impose a school option income tax in the school district;
- 11 (2) increase a school option income tax rate;
- 12 (3) decrease the school option income tax rate, subject to
- 13 section 6 of this chapter; or
- 14 (4) rescind the school option income tax, subject to section 5
- 15 of this chapter.

16 (b) An ordinance adopted in a particular year under this  
17 chapter to:

- 18 (1) impose a school option income tax; or
- 19 (2) increase or decrease the school option income tax rate;
- 20 is effective January 1 of the year immediately following adoption
- 21 of the ordinance. An ordinance adopted under this chapter to
- 22 rescind a school option income tax is effective upon its adoption.

23 (c) The school option income tax may not be imposed at or  
24 increased to a rate that exceeds one percent (1%). Each increase or  
25 decrease in the school option income tax rate must be in multiples  
26 of one-tenth of one percent (0.1%). The governing body of a school  
27 corporation may impose the tax or increase or decrease the tax  
28 rate only as provided in sections 3 and 6 of this chapter.

29 (d) The governing body of a school corporation shall give notice  
30 of an action under this chapter to the state board of tax  
31 commissioners and the department not more than five (5) business  
32 days after adopting an ordinance under this chapter.

33 Sec. 3. (a) Before a governing body of a school corporation may  
34 adopt an ordinance under this chapter to impose a school option  
35 income tax or to increase the school option income tax rate to a  
36 rate higher than the rate at which the school option income tax was  
37 imposed, the governing body shall cause a local public question to  
38 be placed on a general election ballot in accordance with the  
39 procedure described in IC 3-10-9.

40 (b) The local public question must include the text of the  
41 proposed ordinance and must specify:

- 42 (1) whether the governing body of a school corporation seeks

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to impose a school option income tax or to increase the school option income tax rate to a rate higher than the rate at which the school option income tax was imposed; and  
 (2) the rate at which the tax will be imposed or to which it will be increased.

(c) The governing body of a school corporation may adopt an ordinance under this chapter to impose a school option income tax or to increase the school option income tax rate to a rate higher than the rate at which the school option income tax was imposed only if a majority of the electorate participating in the general election votes to adopt the ordinance. If a majority of the electorate participating in the general election votes to adopt the ordinance, the governing body of the school corporation shall adopt the ordinance before December 1 of the year in which the local public question was placed on the ballot.

(d) The governing body of a school corporation may adopt an ordinance under this chapter to:

- (1) rescind a school option income tax;
- (2) decrease the school option income tax rate; or
- (3) increase the school option income tax rate to a rate lower than or equal to the rate at which the school option income tax was imposed under subsection (c);

at any time and without notice.

**Sec. 4.** The governing body of a school corporation shall impose a school option income tax on the adjusted gross income of resident taxpayers residing in the school corporation effective January 1 of the year following the general election in which a majority of the electorate participating in the general election voted to adopt an ordinance to impose a school option income tax under the procedure set forth in section 3(b) of this chapter.

**Sec. 5.** (a) The school option income tax imposed under this chapter by a governing body of a school corporation remains in effect until rescinded by the governing body.

(b) A governing body of a school corporation may rescind the school option income tax by passing an ordinance to rescind the tax after July 1 but before December 1 of a year. The governing body may rescind the tax without causing a public question to be placed on a general election ballot.

(c) If the governing body of a school corporation has pledged school option income tax revenue for any purpose permitted by statute, the governing body may not rescind a school option income tax or take any special action that would result in the school

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corporation receiving a distributive share under section 10 of this chapter smaller than the distributive share to which the school corporation was entitled when it pledged the school option income tax revenue.

Sec. 6. (a) Subject to subsection (b), a governing body of a school corporation may decrease the school option income tax rate at any time and without notice.

(b) A governing body of a school corporation may not decrease the school option income tax if the school corporation has pledged the school option income tax for any purpose permitted by IC 5-1-14 or any other statute.

Sec. 7. This section applies to a resident taxpayer whose school option income tax rate changed due to an action taken by the governing body of a school corporation under section 4 of this chapter. The resident taxpayer's school option income tax rate for that school corporation and that taxable year is the rate determined in the last STEP of the following STEPS:

STEP ONE: Multiply the number of months in the taxpayer's taxable year that precede January 1 by the rate in effect before the rate change.

STEP TWO: Multiply the number of months in the taxpayer's taxable year that follow December 31 by the rate in effect after the rate change.

STEP THREE: Divide the sum of the amounts determined under STEPS ONE and TWO by twelve (12).

Sec. 8. (a) This section applies to a taxpayer who, in a taxable year:

(1) resides in a school corporation whose governing body adopts an ordinance to impose a school option income tax during that taxable year; or

(2) moves into a school corporation that has adopted an ordinance to impose a school option income tax.

(b) The amount of school option income tax that a taxpayer described in subsection (a) owes for that taxable year equals the product of:

(1) the amount of school option income tax the resident taxpayer would owe if the tax had been imposed on the taxpayer during the resident taxpayer's entire taxable year; multiplied by

(2) a fraction, the numerator of which equals the number of days in the resident taxpayer's taxable year during which the school option income tax was in effect, and the denominator

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of which equals the total number of days in the resident taxpayer's taxable year.

**Sec. 9. (a)** A special account within the state general fund shall be established for each school corporation that adopts a school option income tax. Any revenue derived from the imposition of the school option income tax by the governing body of a school corporation shall be deposited in that school corporation's account in the state general fund.

**(b)** Any income earned on money held in an account under subsection (a) becomes a part of that account.

**(c)** Any revenue remaining in an account established under subsection (a) at the end of a fiscal year does not revert to the state general fund.

**(d)** The revenue a school corporation receives under this chapter may be used to fund any lawful purpose of the school corporation. The revenue a school corporation receives under this chapter is not part of the school corporation's previous year revenue (as defined in IC 21-3-1.7-3.1).

**Sec. 10. (a)** Revenue derived from the imposition of a school option income tax shall be distributed in the manner prescribed by this section to the school corporation whose governing body imposed the tax. The amount that is to be distributed to a school corporation during a calendar year equals the amount of school option income tax revenue that the department, after reviewing the recommendation of the budget agency, estimates will be received from that school corporation during the school year.

**(b)** This subsection applies to a school corporation that has adopted an ordinance to impose a school option income tax or to increase or decrease the school option income tax rate ("adopting school corporation"). Before July 1 of each calendar year for which a school option income tax has been imposed, the department shall review the recommendation of the budget agency and shall estimate and certify to the governing body of the adopting school corporation and to the auditor of the county in which the adopting school corporation is located the amount of school option income tax revenue that will be collected from the resident taxpayers of the school corporation during the school year.

**(c)** This subsection applies to a school corporation that has caused a local public question described in section 3 of this chapter to be placed on a general election ballot but whose governing body has not adopted an ordinance to impose a school option income tax

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or to increase or decrease the school option income tax rate ("electing school corporation"). Before December 15 of a year in which a local public question described in section 3 of this chapter is placed on a general election ballot, the department shall review the recommendation of the budget agency and estimate the amount of school option income tax revenue that will be collected from the resident taxpayers of the electing school corporation during the period beginning on the date when the school option income tax is imposed and ending on June 30 of the year in which the school option income tax is imposed. The department shall multiply this amount by two (2) and certify the doubled amount to the governing body of an electing school corporation and to the county auditor of the county in which the electing school corporation is located.

(d) The amount certified under subsection (b) or (c) is the school corporation's certified distribution for the immediately succeeding calendar year. The amount certified may be adjusted under subsection (e) or (f).

(e) The department may certify to an adopting school corporation an amount that is greater than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that there will be a greater amount of revenue available for distribution from the school corporation's account established under section 9 of this chapter.

(f) The department may certify an amount less than the estimated twelve (12) month revenue collection if the department, after reviewing the recommendation of the budget agency, determines that a part of those collections needs to be distributed during the current calendar year so that the school corporation will receive its full certified distribution for the current calendar year.

(g) One-twelfth (1/12) of each adopting school corporation's certified distribution for a school year shall be distributed from the account established under section 9 of this chapter to the school corporation on the first day of each month of the school year.

(h) All distributions from an account established under section 9 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

Sec. 11. (a) Using procedures provided under this chapter, the governing body of a school corporation may adopt an ordinance to enter into reciprocity agreements with the taxing authority of any

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city, town, municipality, county, or other similar local governmental entity of any other state. The reciprocity agreements must provide that the income of taxpayers is exempt from income taxation by the other local governmental entity to the extent that income of the residents of the other local governmental entity is exempt from the school option income tax in the adopting school corporation.

(b) A reciprocity agreement adopted under this section may not become effective until it is also made effective in the other local governmental entity that is a party to the agreement.

(c) The department shall approve the form and effective date of any reciprocity agreement described in this section.

**Sec. 12. (a)** All provisions of the adjusted gross income tax law (IC 6-3) concerning:

- (1) definitions;
- (2) declarations of estimated tax;
- (3) filing of returns;
- (4) deductions or exemptions from adjusted gross income;
- (5) remittances;
- (6) incorporation of the provisions of the Internal Revenue Code;
- (7) penalties and interest; and
- (8) exclusion of military pay credits for withholding;

apply to the imposition, collection, and administration of the tax imposed by this chapter.

(b) The tax imposed under this chapter is a listed tax for purposes of IC 6-8.1.

(c) Notwithstanding subsection (a), each employer shall report to the department and the school corporation the amount of withholdings attributable to each school corporation. This report shall be submitted at the same time that the employer submits the employer's other withholding report to the department.

**Sec. 13. (a)** Except as provided in subsection (b), if, for a particular taxable year, a taxpayer is liable for an income tax imposed by a school corporation located outside Indiana, that taxpayer is entitled to a credit against the taxpayer's school option income tax liability for that same taxable year. The amount of the credit equals the amount of tax imposed by the other governmental entity on income derived from sources outside Indiana and subject to the school option income tax. However, the credit provided by this section may not reduce a taxpayer's school option income tax liability to an amount less than the taxpayer would have owed if

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the income subject to taxation by the other governmental entity had been ignored.

(b) The credit provided by this section does not apply to a taxpayer to the extent that the other governmental entity provides for a credit to the taxpayer for the amount of school option income tax owed under this chapter.

(c) To claim the credit provided by this section, a taxpayer must provide the department with satisfactory evidence that the taxpayer is entitled to the credit.

Sec. 14. (a) If for a particular taxable year a resident taxpayer is, or a resident taxpayer and the taxpayer's spouse who file a joint return are, allowed a credit for the elderly or the totally disabled under Section 22 of the Internal Revenue Code, the resident taxpayer is, or the resident taxpayer and the taxpayer's spouse are, entitled to a credit against the school option income tax liability for that same taxable year. The amount of the credit equals the lesser of:

(1) the product of:

(A) the credit for the elderly or the totally disabled for that same taxable year; multiplied by

(B) a fraction, the numerator of which is the school option income tax rate imposed against the resident taxpayer, or against the resident taxpayer and the taxpayer's spouse, and the denominator of which is fifteen-hundredths (0.15); or

(2) the amount of school option income tax imposed on the resident taxpayer, or on the resident taxpayer and the taxpayer's spouse.

(b) If a resident taxpayer and the taxpayer's spouse file a joint return and are subject to different school option income tax rates for the same taxable year, they shall compute the credit under this section by using the formula provided by subsection (a), except that they shall use the average of the two (2) school option income tax rates imposed against them as the numerator referred to in subsection (a)(1)(B).

Sec. 15. Notwithstanding any other law, if a school corporation desires to issue obligations, or enter into leases, payable wholly or in part by the school option income tax, the obligations of the school corporation or any lessor may be sold at public sale in accordance with IC 5-1-11 or at negotiated sale.

Sec. 16. A school option income tax imposed under this chapter expires ten (10) years after its effective date.



SECTION 2. IC 6-8.1-1-1, AS AMENDED BY P.L.192-2002(ss), SECTION 140, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. "Listed taxes" or "taxes" includes only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the riverboat admissions tax (IC 4-33-12); the riverboat wagering tax (IC 4-33-13); the gross income tax (IC 6-2.1) (repealed); the utility receipts tax (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5); the adjusted gross income tax (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the county adjusted gross income tax (IC 6-3.5-1.1); the county option income tax (IC 6-3.5-6); the county economic development income tax (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); **the school option income tax (IC 6-3.5-9);** the auto rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1); the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1); a motor fuel tax collected under a reciprocal agreement under IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various innkeeper's taxes (IC 6-9); the various county food and beverage taxes (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil inspection fee (IC 16-44-2); the emergency and hazardous chemical inventory form fee (IC 6-6-10); the penalties assessed for oversize vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage tank fee (IC 13-23); the solid waste management fee (IC 13-20-22); and any other tax or fee that the department is required to collect or administer.

SECTION 3. IC 20-8.1-3-17, AS AMENDED BY P.L.291-2001, SECTION 111, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 17. (a) Subject to the specific exceptions under this chapter, each individual shall attend either a public school which the individual is entitled to attend under IC 20-8.1-6.1 or some other school which is taught in the English language.

(b) An individual is bound by the requirements of this chapter from the earlier of the date on which the individual officially enrolls in a school or, except as provided in subsection (h), the beginning of the fall school term for the school year in which the individual becomes ~~seven~~

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(~~7~~) **six (6)** years of age until the date on which the individual:

(1) graduates;

(2) reaches at least ~~sixteen (16)~~ **seventeen (17)** years of age but who is less than eighteen (18) years of age and the requirements under subsection (j) concerning an exit interview are met enabling the individual to withdraw from school before graduation; or

(3) reaches at least eighteen (18) years of age;

whichever occurs first.

(c) An individual who:

(1) enrolls in school before the fall school term for the school year in which the individual becomes ~~seven (7)~~ **six (6)** years of age; and

(2) is withdrawn from school before the school year described in subdivision (1) occurs;

is not subject to the requirements of this chapter until the individual is reenrolled as required in subsection (b). Nothing in this section shall be construed to require that a child complete grade 1 before the child reaches eight (8) years of age.

(d) An individual for whom education is compulsory under this section shall attend school each year:

(1) for the number of days public schools are in session in the school corporation in which the individual is enrolled in Indiana; or

(2) if the individual is enrolled outside Indiana, for the number of days the public schools are in session where the individual is enrolled.

(e) In addition to the requirements of subsections (a) through (d), an individual must be at least five (5) years of age on July 1 of the 2001-2002 school year or any subsequent school year;

to officially enroll in a kindergarten program offered by a school corporation. However, subject to subsection (g), the governing body of the school corporation shall adopt a procedure affording a parent of an individual who does not meet the minimum age requirement set forth in this subsection the right to appeal to the superintendent of the school corporation for enrollment of the individual in kindergarten at an age earlier than the age that is set forth in this subsection.

(f) In addition to the requirements of subsections (a) through (e), and subject to subsection (g), if an individual enrolls in school as permitted under subsection (b) and has not attended kindergarten, the superintendent of the school corporation shall make a determination as to whether the individual shall enroll in kindergarten or grade 1 based on the particular model assessment adopted by the governing body

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under subsection (g).

(g) To assist the principal and governing bodies, the department shall do the following:

(1) Establish guidelines to assist each governing body in establishing a procedure for making appeals to the superintendent of the school corporation under subsection (e).

(2) Establish criteria by which a governing body may adopt a model assessment which will be utilized in making the determination under subsection (f).

(h) If the parents of an individual who would otherwise be subject to compulsory school attendance under subsection (b), upon request of the superintendent of the school corporation, certify to the superintendent of the school corporation that the parents intend to:

(1) enroll the individual in a nonaccredited, nonpublic school; or

(2) begin providing the individual with instruction equivalent to that given in the public schools as permitted under section 34 of this chapter;

not later than the date on which the individual reaches ~~seven (7)~~ **six (6)** years of age, the individual is not bound by the requirements of this chapter until the individual reaches ~~seven (7)~~ **six (6)** years of age.

(i) The governing body of each school corporation shall designate the appropriate employees of the school corporation to conduct the exit interviews for students described in subsection (b)(2). Each exit interview must be personally attended by:

(1) the student's parent or guardian;

(2) the student;

(3) each designated appropriate school employee; and

(4) the student's principal.

(j) A student who is at least ~~sixteen (16)~~ **seventeen (17)** years of age but less than eighteen (18) years of age is bound by the requirements of compulsory school attendance and may not withdraw from school before graduation unless:

(1) the student, the student's parent or guardian, and the principal agree to the withdrawal; and

(2) at the exit interview, the student provides written acknowledgment of the withdrawal and the student's parent or guardian and the school principal each provide written consent for the student to withdraw from school.

(k) For the purposes of this section, "school year" has the meaning set forth in IC 21-2-12-3(h).

SECTION 4. IC 20-10.1-15-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 8. **(a)** The governing

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body of each school corporation shall adopt policies to implement the program, based on guidelines established by the department of education.

**(b) Policies adopted under this section must ensure the following:**

**(1) The courses available align with the core 40 curriculum, the technology preparation curriculum, and the academic honors diploma curriculum, and with the college common core 30 curriculum.**

**(2) The courses are taught by teachers certified to teach in the subject area.**

**(3) That by the end of grade 12, a student may acquire nine (9) hours of credit in the college common core 30 curriculum.**

SECTION 5. IC 20-10.1-16-13, AS AMENDED BY P.L.193-1999, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 13. (a) Beginning with the class of students who expect to graduate during the 1999-2000 school year, each student is required to meet:

(1) the academic standards tested in the graduation examination; and

(2) any additional requirements established by the governing body;

to be eligible to graduate.

(b) A student who does not meet the academic standards tested in the graduation examination shall be given the opportunity to be tested during each semester of each grade following the grade in which the student is initially tested until the student achieves a passing score.

(c) A student who does not achieve a passing score on the graduation examination may be eligible to graduate if all of the following occur:

(1) The principal of the school the student attends certifies that the student will within one (1) month of the student's scheduled graduation date successfully complete all components of the Core 40 curriculum as established by the board under IC 20-10.1-5.7-1.

(2) The student otherwise satisfies all state and local graduation requirements.

(d) A student who does not achieve a passing score on the graduation examination and who does not meet the requirements of subsection (c) may be eligible to graduate if the student does all of the following:

(1) Takes the graduation examination in each subject area in which the student did not achieve a passing score at least one (1)

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time every school year after the school year in which the student first takes the graduation examination.

(2) Completes remediation opportunities provided to the student by the student's school.

(3) Maintains a school attendance rate of at least ninety-five percent (95%) with excused absences not counting against the student's attendance.

(4) Maintains at least a "C" average or the equivalent in the courses comprising the credits specifically required for graduation by rule of the board.

(5) Obtains a written recommendation from a teacher of the student in each subject area in which the student has not achieved a passing score. The recommendation must:

(A) be concurred in by the principal of the student's school; and

(B) be supported by documentation that the student has attained the academic standard in the subject area based upon:  
(i) tests other than the graduation examination; or  
(ii) classroom work.

(6) Otherwise satisfies all state and local graduation requirements.

(e) This subsection applies to a student who is a child with a disability (as defined in IC 20-1-6-1). If the student does not achieve a passing score on the graduation examination, the student's case conference committee may determine that the student is eligible to graduate if the case conference committee finds the following:

(1) The student's teacher of record, in consultation with a teacher of the student in each subject area in which the student has not achieved a passing score, makes a written recommendation to the case conference committee. The recommendation must:

(A) be concurred in by the principal of the student's school; and

(B) be supported by documentation that the student has attained the academic standard in the subject area based upon:  
(i) tests other than the graduation examination; or  
(ii) classroom work.

(2) The student meets all of the following requirements:

(A) Retakes the graduation examination in each subject area in which the student did not achieve a passing score as often as required by the student's individualized education program.

(B) Completes remediation opportunities provided to the student by the student's school to the extent required by the student's individualized education program.

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(C) Maintains a school attendance rate of at least ninety-five percent (95%) to the extent required by the student's individualized education program with excused absences not counting against the student's attendance.

(D) Maintains at least a "C" average or the equivalent in the courses comprising the credits specifically required for graduation by rule of the board.

(E) Otherwise satisfies all state and local graduation requirements.

**(f) A student who does not achieve a passing score on the graduation examination and who does not satisfy the state requirements for graduation may receive a work preparation diploma if the student:**

**(1) satisfies the local graduation requirements; and**

**(2) successfully completes a work skills and knowledge assessment.**

SECTION 6. IC 20-10.2-3-5, AS AMENDED BY P.L.279-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 5. (a) A plan must contain the following components for the school:

(1) A list of the statutes and rules that the school wishes to have suspended from operation for the school.

(2) A description of the curriculum and information concerning the location of a copy of the curriculum that is available for inspection by members of the public.

(3) A description and name of the assessments that will be used in the school in addition to ISTEP assessments.

(4) A plan to be submitted to the governing body and made available to all interested members of the public in an easily understood format.

(5) A provision to maximize parental participation in the school, which may include access to learning aids to assist students with school work at home, information on home study techniques, or access to school resources.

(6) For a secondary school, a provision to do the following:

(A) Offer courses that allow all students to become eligible to receive an academic honors diploma.

(B) Encourage all students to earn an academic honors diploma or complete the Core 40 curriculum.

(7) A provision to maintain a safe and disciplined learning environment for students and teachers.

(8) A provision for the coordination of technology initiatives and

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ongoing professional development activities.

(b) If, for a purpose other than a plan under this chapter, a school has developed materials that are substantially similar to a component listed in subsection (a), the school may substitute those materials for the component listed in subsection (a).

**(c) A plan may include a requirement that the school develop and enter into written compacts with parents and students under IC 20-8.1-14. A written compact under this section may include the following provisions:**

**(1) A student's parent is responsible for the student's attendance at and participation in the instructional program of the school.**

**(2) A school may refer a student's parent to the appropriate social or criminal justice agency for the student or parent's failure to comply with the terms of the compact.**

SECTION 7. IC 20-10.2-8 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]:

**Chapter 8. Commission for Superior Academic Achievement by All Students**

**Sec. 1. As used in this chapter, "commission" refers to the commission for superior academic achievement by all students established under section 2 of this chapter.**

**Sec. 2. (a) The commission for superior academic achievement by all students is established.**

**(b) The commission consists of thirty-two (32) members appointed as follows:**

**(1) Eight (8) members appointed by the speaker of the house of representatives as follows:**

**(A) Four (4) members from the membership of the house of representatives.**

**(B) Four (4) citizens of the same political party as the speaker.**

**(2) Eight (8) members appointed by the minority floor leader of the house of representatives as follows:**

**(A) Four (4) members from the membership of the house of representatives.**

**(B) Four (4) citizens of the same political party as the minority floor leader.**

**(3) Eight (8) members appointed by the president pro tempore of the senate as follows:**

**(A) Four (4) members from the membership of the senate.**

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- 1 (B) Four (4) citizens of the same political party as the  
 2 president pro tempore.  
 3 (4) Eight (8) members appointed by the minority floor leader  
 4 of the senate as follows:  
 5 (A) Four (4) members from the membership of the senate.  
 6 (B) Four (4) citizens of the same political party as the  
 7 minority floor leader.  
 8 Citizen members must represent education and minority concerns.  
 9 (c) The following individuals shall serve as ex officio nonvoting  
 10 members of the commission:  
 11 (1) The governor or the governor's designee.  
 12 (2) The lieutenant governor or the lieutenant governor's  
 13 designee.  
 14 (3) The state superintendent of public instruction or the  
 15 superintendent's designee.  
 16 (4) The executive officer of the commission for higher  
 17 education or the executive officer's designee.  
 18 (d) The chairperson of the commission shall be appointed jointly  
 19 by the:  
 20 (1) speaker and minority floor leader of the house of  
 21 representatives; and  
 22 (2) president pro tempore and minority floor leader of the  
 23 senate;  
 24 from the voting members of the commission.  
 25 (e) A vacancy of a voting member of the committee shall be  
 26 filled by appointment of a replacement member for the unexpired  
 27 term. The president pro tempore of the senate shall appoint a  
 28 replacement for a member appointed by the president pro  
 29 tempore. The speaker of the house of representatives shall appoint  
 30 a replacement for a member appointed by the speaker.  
 31 (f) The commission is a nonprofit organization exempt from  
 32 taxation under Section 501(c)(3) of the Internal Revenue Code.  
 33 Sec. 3. A nonlegislative voting member of the commission is  
 34 entitled to the minimum salary per diem provided by  
 35 IC 4-10-11-2.1(b). The member may be reimbursed for traveling  
 36 and other expenses actually incurred in connection with the  
 37 member's duties, as provided in the state travel policies and  
 38 procedures established by the department of administration.  
 39 Sec. 4. Not later than December 1, 2004, the commission shall  
 40 make recommendations to the general assembly concerning the  
 41 following:  
 42 (1) The elimination of gaps in the achievement levels of

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1 student sociodemographic subgroups.

2 (2) Improvements beyond proficiency to advanced levels in  
3 the state's standards of academic achievement.

4 Sec. 5. (a) For the period beginning July 1, 2003, and ending  
5 December 31, 2004, sufficient funds are appropriated to the  
6 commission from the state general fund to administer this chapter.

7 (b) In addition to the appropriation described in subsection (a),  
8 the commission may accept private donations to administer this  
9 chapter.

10 (c) The commission may employ any staff necessary to perform  
11 the duties imposed by this chapter and may fix the compensation  
12 and terms of that employment, subject to approval by the budget  
13 agency.

14 Sec. 6. This chapter expires December 31, 2004.

15 SECTION 8. IC 20-10.3 IS ADDED TO THE INDIANA CODE AS  
16 A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1,  
17 2003]:

18 **ARTICLE 10.3. ACADEMIC ACHIEVEMENT AND**  
19 **EDUCATION RESPONSIBILITIES**

20 **Chapter 1. Definitions**

21 Sec. 1. The definitions in this chapter apply throughout this  
22 article.

23 Sec. 2. "Academic standards progress report" refers to a report  
24 prepared by a school concerning a student that sets forth the  
25 following:

- 26 (1) The student's most recent testing results, including
- 27 indications or scores by content standard, if applicable.
- 28 (2) The student's grades, if applicable.
- 29 (3) The student's attendance record.
- 30 (4) The student's disciplinary record, including suspensions
- 31 and expulsions.

32 Sec. 3. "Assessment" refers to one (1) of the following tests,  
33 depending upon the context in which the term is used:

- 34 (1) For a student in prekindergarten, a school readiness test
- 35 approved by the department.
- 36 (2) For a student in kindergarten, an early literacy test
- 37 approved by the department.
- 38 (3) For a student in grade 1 or 2, a reading diagnostic test
- 39 approved by the department.
- 40 (4) For a student in grade 3, 4, 5, 6, 7, 8, or 10, a test
- 41 developed under IC 20-10.1-16.

42 Sec. 4. "Board" refers to the Indiana state board of education

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established under IC 20-1-1-1.

Sec. 5. "Committee" refers to a school's strategic and continuous school improvement and achievement committee established under IC 20-10.2-3-1.

Sec. 6. "Department" refers to the department of education established under IC 20-1-1.1-2.

Sec. 7. "Level I" has the meaning set forth in IC 20-10.3-3-5.

Sec. 8. "Level II" has the meaning set forth in IC 20-10.3-3-5.

Sec. 9. "Level III" has the meaning set forth in IC 20-10.3-3-5.

Sec. 10. "Parent" means the parent, guardian, or custodian of a child.

Sec. 11. "Plan" means an academic standards progress plan developed under IC 20-10.3-3.

Sec. 12. "Program" refers to the academic standards assistance program established under IC 20-10.3-3-1.

Sec. 13. "School" refers to:

- (1) a school maintained by a school corporation; or
- (2) a charter school.

Sec. 14. "Transition grade" means a placement for a student who has completed an academic year in a grade level but has not met the academic standards for advancement to the next grade level.

## Chapter 2. Testing and Reports

Sec. 1. (a) This section applies to a student in:

- (1) prekindergarten;
- (2) kindergarten;
- (3) grade 1 or 2; or
- (4) a transition grade between two (2) of the grades set forth in subdivisions (2) through (3).

(b) By September 30 of each year, a student to whom this section applies shall be administered an assessment that the department determines is appropriate for the grade in which the student is placed.

(c) Based upon the results of an assessment administered under subsection (b), a school must develop an academic standards progress report for each student. An academic standards progress report under this subsection must include, in language that can be understood by the student's parent, the following:

- (1) For a student in prekindergarten, an explanation of the student's school readiness.
- (2) For a student in kindergarten, grade 1, grade 2, or a transition grade, an indication by content standard of whether

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the student has mastered or not mastered each content standard.

(d) The principal of a school shall make a reasonable effort to assure that the parent of each student receives the student's academic standards progress report within ten (10) days after the school receives the student's results for a test administered under subsection (b).

(e) A parent shall acknowledge the receipt of an academic standards progress report delivered under this section within five (5) days after receiving the report.

Sec. 2. (a) This section applies to a student in grades 3 through 8 or grade 10.

(b) By September 20 of each year, a student to whom this section applies shall be administered an appropriate assessment.

(c) Based upon the results of an assessment administered under subsection (b) that are provided to a school, the school must develop an academic standards progress report for each student. An academic standards progress report under this subsection must include, in language that can be understood by the student's parent, the following:

(1) An indication of whether the student has achieved a passing score on the assessment.

(2) An indication of the scale score difference between the student's score on the assessment and the performance standard score for the assessment.

(3) An indication by content standard of:

(A) whether the student has achieved a passing score for each content standard; and

(B) the proportion of test items relating to each content standard that the student completed correctly.

(d) The principal of a school shall make a reasonable effort to assure that the parent of each student receives the student's academic standards progress report within ten (10) days after the school receives the student's results for a test administered under subsection (b).

(e) A parent shall acknowledge the receipt of an academic standards progress report delivered under this section within five (5) days after receiving the report.

Sec. 3. If a parent provides a school with an electronic mail address to receive and acknowledge receipt of academic standards progress reports under this chapter, the school must treat the electronic mail address as confidential information.

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1       **Sec. 4. By December 1 of each year, a teacher shall receive:**

2           (1) the academic standards progress report for the previous  
3           academic school year for each student the teacher teaches;  
4           and

5           (2) an aggregate report that includes the following  
6           information concerning the students the teacher teaches:

7               (A) The students who achieved a passing score on an  
8               assessment administered under section 1 or 2 of this  
9               chapter by less than twenty-five hundredths (.25) standard  
10              deviation from the passing score.

11              (B) The students who did not achieve a passing score on an  
12              assessment administered under section 1 or 2 of this  
13              chapter.

14              (C) By grade level and student, the scale score difference  
15              between the student's score on an assessment administered  
16              under section 1 or 2 of this chapter and the performance  
17              standard score.

18              (D) By grade level and student, the proportion of  
19              assessment items related to each content standard on  
20              which the student achieved a passing score on an  
21              assessment administered under section 1 or 2 of this  
22              chapter or the proportion of total points the student  
23              received on each assessment item.

24       **Sec. 5. A school's committee must receive an annual report of**  
25       the school's readiness, early literacy, or reading diagnostic  
26       aggregate mastery rates from assessments administered under  
27       section 1 of this chapter and the aggregate assessment results from  
28       assessments administered under section 2 of this chapter, as  
29       applicable, for each subgroup identified within the school.  
30       Subgroups for which results must be reported under this section  
31       include the following:

32           (1) Each grade level.

33           (2) The racial and ethnic groups within the school, as  
34           identified by the department.

35           (3) Students who are eligible to receive free or reduced price  
36           lunches.

37           (4) Students who are designated as English language learners.

38           (5) Students who are receiving special education services.

39       **Sec. 6. (a) The parent of a student who withdraws from a school**  
40       shall receive a copy of the most recent of the student's academic  
41       standards progress report.

42           (b) A school shall transmit a copy of a student's most recent

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1 academic standards progress report to another public school if a  
2 student who has withdrawn enrolls in another public school.

3 (c) A student academic standards progress report may be  
4 maintained and transmitted electronically.

5 (d) A student academic standards progress report:

6 (1) shall be treated as confidential; and

7 (2) may be viewed only by the student's parents and the  
8 certificated employees of the school in which the student is  
9 enrolled.

### 10 Chapter 3. The Academic Standards Assistance Program

11 Sec. 1. (a) The academic standards assistance program is  
12 established to provide supplemental instructional activities to  
13 improve students' progress toward proficiency in academic  
14 standards.

15 (b) The program must be based on the best available research  
16 and practice.

17 Sec. 2. (a) The parent of a student who does not:

18 (1) demonstrate mastery of school readiness or reading  
19 through an assessment administered under IC 20-10.3-2-1; or

20 (2) either:

21 (A) does not achieve a passing score; or

22 (B) achieves a passing score by less than twenty-five  
23 hundredths (.25) standard deviation from the passing  
24 score;

25 on an assessment administered under IC 20-10.3-2-2;

26 must receive an academic standards progress plan for the student  
27 that sets forth strategies and recommendations to improve the  
28 student's progress towards proficiency in the academic areas  
29 tested.

30 (b) A student for whom a plan is developed under subsection (a)  
31 and:

32 (1) who is described in subsection (a)(1) or (a)(2)(A) shall; and

33 (2) who is described in subsection (a)(2)(B) may;

34 participate in the program.

35 Sec. 3. (a) A student, the student's parent, and the student's  
36 teachers for subject areas in which the student has not achieved a  
37 passing score on an assessment shall meet to develop a plan.

38 (b) A meeting under this section is considered an educationally  
39 related activity under IC 20-10.1-2-1(b).

40 Sec 4. (a) The parent of a student for whom a plan is developed  
41 may elect to not have the student participate in the program.

42 (b) A student's lack of participation in the program may be used

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as a reason to retain the student in the student's current grade level.

**Sec. 5. (a)** This section applies to a student participating in the program who is described in section 2(a)(2) of this chapter.

**(b)** Except as provided in subsection (c), a student to whom this section applies shall be designated by level to receive assistance based upon the student's performance on an assessment. The levels are as follows:

**(1) Level I:** Students whose scores on an assessment fall in a range between:

**(A)** achieving a passing score by less than twenty-five hundredths (.25) standard deviation; and

**(B)** not achieving a passing score by less than twenty-five hundredths (.25) standard deviation;

from the passing score for the assessment.

**(2) Level II:** Students whose scores on an assessment fall in a range between:

**(A)** not achieving a passing score by greater than twenty-five hundredths (.25) standard deviation; and

**(B)** not achieving a passing score by less than one (1) standard deviation;

from the passing score for the assessment.

**(3) Level III:** Students who do not achieve a passing score on an assessment by a score that is greater than one (1) standard deviation from the passing score for the assessment.

**(c)** A student may be assigned to a level that is not indicated by the student's score on an assessment if, in the professional judgment of the student's principal and teacher for the subject area tested, an assignment to a different level would be appropriate for the student.

**Sec. 6.** A student's plan, in addition to other activities, may include the following:

**(1)** Additional homework.

**(2)** Tutoring in the following amounts:

**(A)** For a level I student, two (2) hours per week in each affected subject area for eight (8) weeks.

**(B)** For a level II student, four (4) hours per week in each affected subject area for sixteen (16) weeks.

**(C)** For a level III student, four (4) hours per week in each affected subject area for sixteen (16) weeks, and two (2) hours per day in each affected subject area for twenty (20) days during summer school.

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(3) For a student in grade 9, grade 10, grade 11, or grade 12, activities that will assist the student in:

(A) carrying out the student's career plan under IC 20-10.1-4.5; and

(B) completing the courses necessary to complete the core 40 curriculum, the college preparation curriculum, the technology preparation curriculum, or the academic honors diploma curriculum.

Sec. 7. The following apply to tutoring and instruction under plans:

(1) A student may not be excused or released from a regular class in a subject area tested under IC 20-10.1-16 to participate in plan activities.

(2) A student with a plan may not be grouped for regular instruction in a subject area tested under IC 20-10.1-16 with only other students who have plans.

(3) Tutoring may occur during the regular instructional day, before or after school, or on days on which school is not in session.

(4) Tutoring may not replace regular classes in a subject area tested under IC 20-10.1-16.

(5) Tutoring in reading must be provided by a teacher certified in reading.

(6) Tutoring in a subject area tested under IC 20-10.1-16 must be provided by a teacher certified in the subject area.

(7) Summer school classes in a subject area tested under IC 20-10.1-16 must be provided by a teacher certified in the subject matter.

Sec. 8. (a) A student may be released from the program if the student demonstrates proficiency in the subject areas for which a plan was developed for the student.

(b) Upon the determination of a student's teacher in a subject area tested under IC 20-10.1-16 for which the student is participating in the program, the student may be reassessed in the subject areas in which the student did not demonstrate proficiency.

(c) The department shall establish an electronic assessment bank. The electronic assessment bank must include assessment items that:

(1) are aligned with academic standards;

(2) assess basic and applied skills under IC 20-10.1-16-5(b); and

(3) may be used to reassess student proficiencies under this

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section.

(d) To the greatest extent feasible, a reassessment under this section must be graded electronically.

(e) A reassessment under this section is subject to IC 20-6.1-9-3.

**Sec. 9.** The decision to promote a student to the next grade level or a transition grade or to retain the student in the student's current grade level must be based on the following:

(1) The student's performance on assessments or reassessments.

(2) The student's performance on other tests.

(3) The student's grades, classwork, and homework.

(4) The student's participation in the program, if applicable.

(5) Any other factors considered relevant to the student's academic performance by the student's teacher.

#### **Chapter 4. The Academic Progress Assistance Plan**

**Sec. 1.** This chapter applies to a school in which at least fifty percent (50%) of the students do not:

(1) demonstrate mastery of school readiness, early literacy, or reading standards under IC 20-10.3-2-1; or

(2) achieve passing scores on assessments under IC 20-10.3-2-2.

**Sec. 2.** An academic progress assistance plan may be implemented for a school to which this chapter applies.

**Sec. 3.** To implement an academic progress assistance plan, a school's committee must:

(1) revise the school's strategic and continuous school improvement and achievement plan under this chapter;

(2) specify that it is a goal of the school to become a commendable school under rules adopted by the board; and

(3) make an application to the department.

**Sec. 4.** For a school that includes kindergarten and grades 1 and 2, the school's strategic and continuous school improvement plan must be revised to include the following:

(1) A prekindergarten program for students who are at least four (4) years of age on August 1 that:

(A) may be conducted in partnership with or by incorporating a Head Start program;

(B) complies with standards adopted by the board for child/teacher ratios, curriculum, instruction, and facilities; and

(C) is taught by teachers certified under standards adopted by the professional standards board.

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(2) An optional full-day kindergarten program for students who are at least five (5) years of age on August 1.

(3) A transition grade program of not more than one (1) school year between kindergarten and grade 1.

(4) A supplemental reading and writing program that includes the following:

(A) For every twenty-five (25) level II and level III students in the school, one (1) reading instructional specialist who:

(i) is a teacher certified in reading instruction for the ages and grade levels included in the school; and

(ii) provides supplemental instruction that includes the explicit teaching of word identification skills, including phonics and phonemic awareness, and a wide range of comprehension competencies.

(B) A schoolwide reading and writing program that provides instruction and support for all students to develop the skills, knowledge, and abilities to:

(i) understand how phonemes are connected to words;

(ii) decode words;

(iii) spell correctly;

(iv) acquire a broad vocabulary;

(v) read fluently;

(vi) construct meaning from text;

(vii) comprehend text; and

(viii) write proficiently.

(C) A family literacy program in which the parents of students in the school receive information and support about literacy activities that can be practiced at home to support the development of reading skills.

(D) Following an instructional time audit, the reorganization of instructional time to prioritize reading and writing instruction, if necessary.

(E) Making books and other printed materials available in classrooms and media centers that address a broad range of students' abilities and interests.

(5) The implementation of the primetime plus program for kindergarten, grade 1, and grade 2, in which:

(A) there is an actual ratio of students to certified teacher in subject areas tested under IC 20-10.1-16 of fifteen to one (15:1); and

(B) instruction is provided by the certified teacher.

(6) A curriculum audit to determine whether the curriculum:

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- 1 (A) is aligned with Indiana academic standards;
- 2 (B) uses regular and continuous assessments consistent
- 3 with IC 20-10.1-16-5(b); and
- 4 (C) provides for the acquisition of basic skills in addition
- 5 to higher order thinking skills.
- 6 (7) Subject to both IC 20-5-2 and IC 20-7.5, an increase in
- 7 minimum instructional time of thirty percent (30%) to
- 8 provide supplemental instructional time during the school
- 9 year, including additional partial or full school days.
- 10 (8) A latch key program under IC 20-5-2-1.5.
- 11 (9) School based health, wellness, and nutrition services,
- 12 which may be delivered through a collaboration with public
- 13 and private providers.
- 14 (10) A home to school technology connection with the
- 15 following components:
- 16 (A) Each teacher in the school must be provided a
- 17 computer that is equipped to send and receive electronic
- 18 mail for the teacher's use at home.
- 19 (B) Each teacher in the school must be provided an
- 20 electronic mail address.
- 21 (C) Each student in the school who is eligible to receive a
- 22 free or reduced price lunch must be provided a computer
- 23 for use in the student's home that is equipped:
- 24 (i) to send and receive electronic mail; and
- 25 (ii) with child protection software.
- 26 (D) Upon request, each parent of a student in the school
- 27 must be provided an electronic mail address.
- 28 (11) Professional development activities under IC 20-1-1-6.5
- 29 that provide the following:
- 30 (1) The equivalent of ten (10) instructional days for all
- 31 teachers in the school that focus on the specific curriculum
- 32 and instructional strategies implemented by the school.
- 33 Activities conducted under this clause must provide for the
- 34 school's certificated employees to continuously review and
- 35 improve the school's curriculum and instruction.
- 36 (2) The equivalent of twenty (20) instructional days each
- 37 school year for thirty-three percent (33%) of the teachers
- 38 who teach in subject areas tested under IC 20-10.1-16.
- 39 Activities conducted under this clause must enable the
- 40 teachers to serve as curriculum and instructional
- 41 specialists and coaches for the school.
- 42 **Sec. 5. For a school that includes grades 3 through 8, or any**

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combination of the grades, the school's strategic and continuous school improvement plan must be revised to include the following:

(1) A supplemental reading and writing program that includes the following:

(A) For every twenty-five (25) level II and level III students in the school, one (1) reading instructional specialist who:

- (i) is a teacher certified in reading instruction for the ages and grade levels included in the school; and
- (ii) provides supplemental instruction that includes the explicit teaching of word identification skills, including phonics and phonemic awareness, and a wide range of comprehension competencies.

(B) A school wide reading and writing program that provides instruction and support for all students to develop the skills, knowledge, and abilities to:

- (i) understand how phonemes are connected to words;
- (ii) decode words;
- (iii) spell correctly;
- (iv) acquire a broad vocabulary;
- (v) read fluently;
- (vi) construct meaning from text;
- (vii) comprehend text; and
- (viii) write proficiently.

(C) A family literacy program in which the parents of students in the school receive information and support about literacy activities that can be practiced at home to support the development of reading skills.

(D) Making books and other printed materials available in classrooms and media centers that address a broad range of students' abilities and interests.

(2) The implementation of the primetime II program in which:

(A) there is an actual ratio of students to certified teachers in subject areas tested under IC 20-10.1-16 of twenty to one (20:1) in grades 3 and 4 and instruction is provided by the certified teacher; and

(B) there is an actual ratio of students to certified teachers in subject areas tested under IC 20-10.1-16 of twenty-four to one (24:1) in grade 5, grade 6, grade 7, and grade 8, and instruction is provided by the certified teacher.

(3) A curriculum audit to determine whether the curriculum:  
(A) is aligned with Indiana academic standards;

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- 1 (B) uses regular and continuous assessments consistent
- 2 with IC 20-10.1-16-5(b); and
- 3 (C) provides for the acquisition of basic skills in addition
- 4 to higher order thinking skills.
- 5 (4) Subject to both IC 20-5-2 and IC 20-7.5, an increase in
- 6 minimum instructional time of at least twenty-five percent
- 7 (25%) but not more than thirty percent (30%) to provide
- 8 supplemental instructional time during the school year,
- 9 including additional partial or full school days.
- 10 (5) A latch key program under IC 20-5-2-1.5.
- 11 (6) A student-family service program conducted by certified
- 12 counselors and social workers to:
- 13 (A) facilitate and assure parental involvement in a
- 14 student's education; and
- 15 (B) coordinate services for a student with social service
- 16 and criminal justice programs, if necessary.
- 17 (7) School based health, wellness, and nutrition services,
- 18 which may be delivered through a collaboration with public
- 19 and private providers.
- 20 (8) An alternative education program established under
- 21 IC 20-10.1-4.6, which may include an educational program for
- 22 students who are suspended or expelled. Subjects areas that
- 23 are:
- 24 (A) tested under IC 20-10.1-16; and
- 25 (B) included in the alternative education program;
- 26 must be taught by a teacher certified in the subject areas.
- 27 (9) A home to school technology connection with the following
- 28 components:
- 29 (A) Each teacher in the school must be provided a
- 30 computer that is equipped to send and receive electronic
- 31 mail for the teacher's use at home.
- 32 (B) Each teacher in the school must be provided an
- 33 electronic mail address.
- 34 (C) Each student in the school who is eligible to receive a
- 35 free or reduced price lunch must be provided a computer
- 36 for use in the student's home that is equipped:
- 37 (i) to send and receive electronic mail; and
- 38 (ii) with child protection software.
- 39 (D) Upon request, each parent of a student in the school
- 40 must be provided an electronic mail address.
- 41 (10) Professional development activities under IC 20-1-1-6.5
- 42 that provide the following:

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(1) The equivalent of ten (10) instructional days for all teachers in the school that focus on the specific curriculum and instructional strategies implemented by the school. Activities conducted under this clause must provide for the school's certificated employees to continuously review and improve the school's curriculum and instruction.

(2) The equivalent of twenty (20) instructional days each school year for thirty-three percent (33%) of the teachers who teach in subject areas tested under IC 20-10.1-16. Activities conducted under this clause must enable the teachers to serve as curriculum and instructional specialists and coaches for the school.

**Sec. 6. For a school that includes grades 9 through 12, the school's strategic and continuous school improvement plan must be revised to include the following:**

(1) Provisions for tutoring and additional courses in subject areas tested under IC 20-10.1-16 to assist students in achieving a passing score on the graduation examination under IC 20-10.1-16-13.

(2) An accelerated learning program in which a student who achieves a passing score on the graduation examination under IC 20-10.1-16-13 may participate in the postsecondary enrollment program under IC 20-10.1-15.

(3) An extended learning program in which a student may remain enrolled in the school for an additional year to complete the requirements for a core 40 or academic honors diploma.

(4) A supplemental staffing program to ensure the school has enough staff to offer the necessary courses, taught by teachers certified in the subject matter, for students to complete the core 40 curriculum, the college preparation curriculum, the technology preparation curriculum, and the academic honors diploma curriculum. A program under this subdivision may include provisions for cooperative programs with other schools and distance learning.

(5) School based health, wellness, and nutrition services, which may be delivered through a collaboration with public and private providers.

(6) An alternative education program established under IC 20-10.1-4.6, which may include an educational program for students who are suspended or expelled, and in which students may participate until the school year in which the student

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becomes nineteen (19) years of age. Subjects areas that are:

(A) tested under IC 20-10.1-16; and

(B) included in the alternative education program;

must be taught by a teacher certified in the subject areas.

(7) Professional development activities under IC 20-1-1-6.5 that provide the following:

(1) The equivalent of ten (10) instructional days for all teachers in the school that focus on the specific curriculum and instructional strategies implemented by the school. Activities conducted under this clause must provide for the school's certificated employees to continuously review and improve the school's curriculum and instruction.

(2) The equivalent of twenty (20) instructional days each school year for thirty-three percent (33%) of the teachers who teach in subject areas tested under IC 20-10.1-16. Activities conducted under this clause must enable the teachers to serve as curriculum and instructional specialists and coaches for the school.

#### Chapter 5. Funding

Sec. 1. The state shall pay for the following:

(1) Costs attributable to:

(A) additional programs and staff; and

(B) increases in:

(i) salaries;

(ii) wages; and

(iii) facility maintenance and utilities;

under an academic progress assistance plan under IC 20-10.3-4.

(2) Costs for latch key programs required under IC 20-10.3-4 that are attributable to children whose total household income is less than two hundred percent (200%) of the federal income poverty level.

Sec. 2. A school corporation shall pay the following:

(1) Through a transportation fund levy under IC 21-2-11.5-2(a), additional transportation costs arising from increasing minimal instructional time under IC 20-10.3-4.

(2) Through capital projects fund excess levy, expanded or improved instructional facilities to implement programs and services under IC 20-10.3-4.

Sec. 3. A school corporation may use money from the capital projects fund to assist the parent of a student who is not entitled to receive a computer for home use under IC 20-10.3-4 in the

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1 acquisition of a computer for home use and the acquisition of an  
2 electronic mail address.

3 **Sec. 4. (a) This section applies to a school that:**

4 (1) has implemented an academic progress assistance plan;  
5 and

6 (2) has improved the school's performance so that more than  
7 fifty percent (50%) of the students:

8 (A) demonstrate mastery of school readiness, early  
9 literacy, or reading standards under IC 20-10.3-2-1; or

10 (B) achieve passing scores on assessments under  
11 IC 20-10.3-2-2.

12 (b) A school to which this section applies shall continue to  
13 receive state funding for the programs and services set forth in  
14 section 1 of this chapter for five (5) years after improving the  
15 school's performance to the level set forth in subsection (a)(2).

16 (c) For the sixth and subsequent years after a school has  
17 improved the school's performance to the level set forth in  
18 subsection (a)(2), a school may continue to receive state funding for  
19 the programs and services set forth in section 1 of this chapter at  
20 the following levels:

21 (1) For a school located in a school corporation in the highest  
22 quartile of assessed valuation, as determined by the  
23 department of local government finance, the state shall pay  
24 twenty percent (20%) of the cost of the programs and  
25 services.

26 (2) For a school located in a school corporation in the second  
27 highest quartile of assessed valuation, as determined by the  
28 department of local government finance, the state shall pay  
29 forty percent (40%) of the cost of the programs and services.

30 (3) For a school located in a school corporations in the third  
31 highest quartile of assessed valuation, as determined by the  
32 department of local government finance, the state shall pay  
33 sixty percent (60%) of the cost of the programs and services.

34 (4) For a school located in a school corporation in the lowest  
35 quartile of assessed valuation, as determined by the  
36 department of local government finance, the state shall pay  
37 eighty percent (80%) of the cost of the programs and services.

38 **Sec. 5. (a) This section applies to a school corporation in which**  
39 **no school has implemented an academic progress assistance plan**  
40 **under IC 20-10.3-4.**

41 (b) A school corporation to which this section applies may  
42 increase the school corporation's general fund expenditures to

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1 implement the school improvement plans required under  
 2 IC 20-1-1-6.3 for the schools located in the school corporation  
 3 through an excess levy or through a school option income tax  
 4 adopted under IC 6-3.5-9.

5 (c) The state shall provide funding to school corporations for the  
 6 programs and services set forth in a plan under subsection (b) at  
 7 the following levels:

8 (1) For a school located in a school corporation in the highest  
 9 quartile of assessed valuation, as determined by the  
 10 department of local government finance, the state shall pay  
 11 twenty percent (20%) of the cost of the programs and  
 12 services.

13 (2) For a school located in a school corporation in the second  
 14 highest quartile of assessed valuation, as determined by the  
 15 department of local government finance, the state shall pay  
 16 forty percent (40%) of the cost of the programs and services.

17 (3) For a school located in a school corporation in the third  
 18 highest quartile of assessed valuation, as determined by the  
 19 department of local government finance, the state shall pay  
 20 sixty percent (60%) of the cost of the programs and services.

21 (4) For a school located in a school corporation in the lowest  
 22 quartile of assessed valuation, as determined by the  
 23 department of local government finance, the state shall pay  
 24 eighty percent (80%) of the cost of the programs and services.

#### 25 Chapter 6. Miscellaneous Provisions

26 Sec. 1. (a) This section applies to a school corporation in which  
 27 at least one (1) school is required to implement an academic  
 28 progress assistance plan under IC 20-10.3-4.

29 (b) The school corporation shall participate in a coordinated  
 30 community plan to provide health, nutrition, and early learning  
 31 services for children from birth to three (3) years of age and their  
 32 families.

33 Sec. 2. The department shall contract with school corporations  
 34 or other providers to implement English language learning  
 35 programs for students and their families who have not achieved  
 36 fluency in English.

37 SECTION 9. IC 20-12-70-2 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. As used in this  
 39 chapter, "eligible student" means a student who meets the following  
 40 requirements:

41 (1) Is a resident of Indiana.

42 (2) Is enrolled in grade 8 at a public or an accredited nonpublic



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school.

(3) **Falls into one (1) of the following categories:**

(A) Is eligible for free or reduced priced lunches under the national school lunch program.

(B) **Has an annual household income that is greater than one hundred percent (100%) but less than two hundred percent (200%) of the household income that would make the student eligible for reduced price lunches under the national school lunch program.**

(C) **Has an annual household income that is greater than two hundred percent (200%) but less than three hundred percent (300%) of the household income that would make the student eligible for reduced price lunches under the national school lunch program.**

(4) Agrees in writing, together with the student's custodial parents or guardian, that the student will:

(A) graduate from a secondary school located in Indiana that meets the admission criteria of an institution of higher learning;

(B) not illegally use controlled substances (as defined in IC 35-48-1-9);

(C) not commit a crime or infraction described in IC 9-30-5;

(D) not commit any other crime or delinquent act (as described in IC 31-37-1-2 or IC 31-37-2-2 through IC 31-37-2-5 (or IC 31-6-4-1(a)(1) through IC 31-6-4-1(a)(5) before their repeal));

(E) when the eligible student is a senior in high school, timely apply:

(i) to an institution of higher learning for admission; and

(ii) for any federal and state student financial assistance available to the eligible student to attend an institution of higher learning; and

(F) achieve a cumulative grade point average upon graduation of at least 2.0 on a 4.0 grading scale (or its equivalent if another grading scale is used) for courses taken during grades 9, 10, 11, and 12.

SECTION 10. IC 20-12-70-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 10. (a) Money in the fund shall be used to provide annual tuition scholarships to scholarship applicants who qualify under section 11(a) of this chapter in an amount that is equal to the lowest of the following amounts:

(1) If the scholarship applicant **is a student described in section**



1 **2(3)(A) of this chapter who** attends a state educational  
 2 institution (as defined in IC 20-12-0.5-1) that satisfies the  
 3 requirements of subsection (c) and:

4 (A) receives no other financial assistance specifically  
 5 designated for tuition and other regularly assessed fees, a full  
 6 tuition scholarship to the state educational institution; or

7 (B) receives other financial assistance specifically designated  
 8 for tuition and other regularly assessed fees, the balance  
 9 required to attend the state educational institution not to  
 10 exceed the amount described in clause (A).

11 (2) If the scholarship applicant **is a student described in section**  
 12 **2(3)(A) of this chapter who** attends a private institution of higher  
 13 education (as defined in IC 20-12-63-3) that satisfies the  
 14 requirements of subsection (c) and:

15 (A) receives no other financial assistance specifically  
 16 designated for tuition and other regularly assessed fees, an  
 17 average of the full tuition scholarship amounts of all state  
 18 educational institutions not including Ivy Tech State College;  
 19 or

20 (B) receives other financial assistance specifically designated  
 21 for tuition and other regularly assessed fees, the balance  
 22 required to attend the college or university not to exceed the  
 23 amount described in clause (A).

24 (3) If the scholarship applicant **is a student described in section**  
 25 **2(3)(A) of this chapter who** attends a postsecondary proprietary  
 26 educational institution (as defined in IC 20-1-19-1) that satisfies  
 27 the requirements of subsection (c) and:

28 (A) receives no other financial assistance specifically  
 29 designated for tuition and other regularly assessed fees, the  
 30 lesser of:

31 (i) the full tuition scholarship amounts of Ivy Tech State  
 32 College; or

33 (ii) the actual tuition and regularly assessed fees of the  
 34 institution; or

35 (B) receives other financial assistance specifically designated  
 36 for tuition and other regularly assessed fees, the balance  
 37 required to attend the institution not to exceed the amount  
 38 described in clause (A).

39 (4) **If the scholarship applicant is a student described in**  
 40 **section 2(3)(B) of this chapter, fifty percent (50%) of the**  
 41 **amount a scholarship applicant described in section 2(3)(A) of**  
 42 **this chapter would be eligible to receive under subdivision (1),**

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(2), or (3).

**(5) If the scholarship applicant is a student described in section 2(3)(C) of this chapter, twenty-five percent (25%) of the amount a scholarship applicant described in section 2(3)(A) of this chapter would be eligible to receive under subdivision (1), (2), or (3).**

(b) Each tuition scholarship awarded under this chapter is renewable under section 11(b) of this chapter for a total scholarship award that does not exceed the equivalent of eight (8) semesters.

(c) An institution of higher learning attended by an applicant described in subsection (a) must satisfy the following requirements:

(1) Be accredited by an agency that is recognized by the Secretary of the United States Department of Education.

(2) Operate an organized program of postsecondary education leading to an associate or a baccalaureate degree on a campus located in Indiana.

(3) Be approved by the commission:

(A) under rules adopted under IC 4-22-2; and

(B) in consultation with the commission on proprietary education, if appropriate.

SECTION 11. IC 21-3-1.7-3.1, AS AMENDED BY P.L.85-2002, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 3.1. (a) As used in this chapter, "previous year revenue" for calculations with respect to a school corporation equals:

(1) the school corporation's tuition support for regular programs, including basic tuition support, and excluding:

(A) special education grants;

(B) vocational education grants;

(C) at-risk programs;

(D) the enrollment adjustment grant;

(E) for 1999 and thereafter, the academic honors diploma award; and

(F) for 2001 and thereafter, the primetime distribution;

for the year that precedes the current year; plus

(2) the school corporation's tuition support levy for the year that precedes the current year before the reductions required under section 5(1) and 5(2) of this chapter; plus

(3) distributions received by the school corporation under IC 6-1.1-21.6 for the year that precedes the current year; plus

(4) the school corporation's excise tax revenue for the year that precedes the current year by two (2) years; minus

(5) an amount equal to the reduction in the school corporation's

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1           tuition support under subsection (b) or IC 20-10.1-2-1, or both.

2           (b) A school corporation's previous year revenue shall be reduced  
3           if:

4           (1) the school corporation's state tuition support for special or  
5           vocational education was reduced as a result of a complaint being  
6           filed with the department of education after December 31, 1988,  
7           because the school program overstated the number of children  
8           enrolled in special or vocational education programs; and

9           (2) the school corporation's previous year revenue has not been  
10          reduced under this subsection more than one (1) time because of  
11          a given overstatement.

12          The amount of the reduction equals the amount the school corporation  
13          would have received in tuition support for special and vocational  
14          education because of the overstatement.

15          **(c) A school corporation's previous year revenue does not**  
16          **include revenue received under IC 6-3.5-9.**

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